

MONUMENT LIGHTHOUSE CHARTER SCHOOL

2012-2013 Performance Analysis

Core Question 2: Is the organization effective and well-run?

2.1. Is the school in sound fiscal health?	
STANDARD	2.1-1: The school demonstrates satisfactory performance in all areas identified: Enrollment Variance, Current Ratio, Days Cash on Hand and Debt Default 2.1-2: The school demonstrates satisfactory performance in all areas identified: 3 Year Aggregate Net Income, Debt to Asset Ratio, and Debt Service Coverage Ratio 2.1-3: The school does not present concerns in the financial audit or financial reporting requirements

2012-13 2.1-1 Performance: Approaching Standard

Indicator	Ratio	Measures	Rating	2012-13	
2.1 Short Term Health	Enrollment Variance Ratio	Enrollment Ratio equals or exceeds 99%	Meets Standard	95%	Approaching
		Enrollment Ratio is between 90% - 98%	Approaching Standard		
		Enrollment Ratio is less than or equal to 89%	Does Not Meet Standard		
	Current Ratio	Current Ratio equals or exceeds 1.1	Meets Standard	2.51	
		Current Ratio is between 1.0 - 1.1	Approaching Standard		
		Current Ratio is less than or equal to 1.0	Does Not Meet Standard		
	Days Cash On Hand	Days cash on hand equals or exceeds 45	Meets Standard	35	
		Days cash on hand is between 30-45 days	Approaching Standard		
		Days cash on hand is less than or equal to 30 days	Does Not Meet Standard		
	Debt Default Evidence	Not in default or delinquent	Meets Standard	Meets	
Default or delinquent		Does Not Meet Standard			

Monument Lighthouse Charter School (MLCS) approached standard for core question 2.1-1 for the 2012-13 school year. Based on data from the September 2012 count day, the school's enrollment was slightly lower than the enrollment targets stated in its charter agreement. As a result, the school approached standard for this sub-indicator. The school had more current assets

than current liabilities (those due in the next 12 months). As a result, the school met standard for this sub-indicator. MLCS ended the year with 35 days of cash on hand. This means that if payments to the school had stopped or been delayed post June 30, 2013, the school would have been able to operate for 35 more days. Based on this data, the school approached standard for this indicator. Finally, the school successfully met its debt obligations based on the information that Fitzgerald Isaac, the school's auditor, provided. Furthermore, there were no negative communications from the school's lenders. Since the school met standard for half of the sub-indicators and approached standard for the other half of the sub-indicators in core question 2.1-1, it approached standard for this section of the core question.

2012-13 2.1-2 Performance: Exceeds Standard

2.2 Long Term Health	3 Year Aggregate Net Income	Aggregate 3 year Net Income is positive and most recent year is positive	<i>Meets Standard</i>	NA	Exceeds
		Aggregate 3 year Net Income is positive and most recent year is negative	<i>Approaching Standard</i>		
	Net Income	Aggregate 3 year Net Income is negative	<i>Does Not Meet Standard</i>	\$427,686.00	
	Debt to Asset	Debt to asset ratio is less than or equal to 0.9	<i>Meets Standard</i>	0.33	
		Debt to asset ratio is between 0.9 - 0.95	<i>Approaching Standard</i>		
		Debt to asset ratio equals or exceeds 0.95	<i>Does Not Meet Standard</i>		
	Debt Service Coverage (DSC) Ratio	DSC ratio equals or exceeds 1.15	<i>Meets Standard</i>	7.61	
		DSC ratio is between 1.05-1.15	<i>Approaching Standard</i>		
		DSC Ratio is less than or equal to 1.05	<i>Does Not Meet Standard</i>		

The school **exceeded** standard for core question 2.1-2. The school met standard for the net income sub-indicator in that it generated a positive net income for the fiscal year. It is important to note that \$393,180 of the net income was a non-cash gain that resulted from the Common School Loan forgiveness. Page 8 of the school's audit explains how this calculation was derived. Additionally, the school met standard for the sub-indicator regarding debt to asset ratio as it had more assets than liabilities. The school met standard for the debt service coverage ratio. It has

\$80,135 due in current maturities by fiscal year end 2014. Though the school has lease obligations north of \$500K due prior to fiscal year end 2014, the leases are classified as operating leases, and as such are not included in the debt service coverage ratio calculation. Since the school met standard for all of the sub-indicators, it exceeded standard for core question 2.1-2.

2012-13 2.1-3 Performance: Approaching Standard

2.3 Reporting Requirements	Annual Independent Accrual Based Audit	Receives a clean audit opinion	<i>Meets Standard</i>	Approaching	Approaching
		Receives a clean audit opinion with a few significant deficiencies noted but no material weaknesses	<i>Approaching Standard</i>		
		Receives an audit with multiple significant deficiencies, material weakness or is a going concern	<i>Does Not Meet Standard</i>		
	Financial Reporting Requirements	Satisfies all financial reporting requirements	<i>Meets Standard</i>	Meets	
		Fails to satisfy financial reporting requirements	<i>Does Not Meet Standard</i>		

The school **approached** standard for core question 2.1-3. The school approached standard for its annual accrual based audit because it received a clean audit with significant deficiencies. Specifically, pages 25-27 of the financial audit indicate that the school did not properly verify the income families represented in applications for the federal free and reduced lunch program. Additionally, page 3 of the school's supplemental audit report indicates that a former employee embezzled \$6,695 from the school during fiscal year 2012-13. The school met its financial reporting requirements, and its audit report was issued on December 9, 2013.

2.2. Are the school's student enrollment, attendance, and retention rates strong?	
STANDARD	The school is consistently fully enrolled. Student attendance and retention rates are generally at or above the school's agreed-upon target rates.

2012-2013 Performance: Does Not Meet Standard

Monument Lighthouse Charter School did not meet its enrollment target for 2012-13. The following chart displays the school's target enrollment compared with its official fall enrollment, as reported by the IDOE.

Year	Target Enrollment	Fall Enrollment	Percent Below
2012-13	670	607	9.4%

Source: Official fall enrollment figures from the IDOE. Target enrollment is the maximum capacity from the school's charter agreement with the Mayor's Office, submitted by the school.

The 2012-13 attendance rate at MLCS was above the averages of both the county and the state.

	MLCS	MC	IN
2012-13 Attendance rate	94.6%	95.7%	95.8%

Based on the 2012-13 performance, MLCS **did not meet** the Mayor's Office standard for this indicator because they did not meet their target enrollment and had attendance rates slightly below the county and state averages for 2012-2013.

2.3. Is the school's Board active and competent in its oversight?	
STANDARD	The school's board a) contributes a broad skill set and is reflective of the community; b) is knowledgeable about the school and able to make decisions in a timely fashion; c) has policies and by-laws that are consistently followed, regularly reviewed, and include clearly defined roles and responsibilities for members; d) consistently achieves quorum and adheres to Indiana's Open Door Law; e) records meeting minutes that are thorough, accurate and transparent; f) regularly conducts a formal evaluation of the school against established academic, financial and operational performance goals; and g) has a written plan for the succession of leadership.

2012-13 Performance: **Does not meet standard**

The Lighthouse Academies of Indiana (LAI) served as the governing body and Charter Management Organization (CMO) for Indianapolis Lighthouse Charter School and Monument Lighthouse Charter School as well as three other charter schools located in Northwest Indiana. By-laws were created in 2009 to form an LLC that served as a local board to govern the two Indianapolis schools. The local board was designed to not only govern the two Indianapolis schools but also work with the LAI board. The charter for Indianapolis Lighthouse Charter Schools was still held with the LAI board making the local board dependent on the CMO, which also had representation on the local board. With Lighthouse Academies of Indiana providing financial, facilities, and technology support to the school, the governing of LAI by the LLC was challenged with the current structure in place.

The board had five members, which was compliant with charter by-laws and the Regional Vice-President for LAI sat on the LLC board. The members of the board were fairly representative of the community, but critical skill sets were missing among board membership. The LLC board

was responsible for advising the LAI board on key school recommendations and was still challenged in understanding its role and responsibility as was indicated in the 2011-12 Accountability Report. The board chair, Ron Sandlin, resigned towards the end of the year amid concerns that the LAI board lacked ability to effectively govern the school. Mr. Samuel Snideman assumed the role of board chair after the departure of Mr. Sandlin and actively worked to gain clarity of roles and responsibilities which were critical to effective governance. Mr. Snideman had a good relationship with the Regional Vice President who supervised school leadership which helped the transition in board leadership. However, board members still needed to further develop their understanding of governance procedures and policies. The lack of understanding hindered the board's ability to provide competent stewardship and oversight of the school.

Board meetings were comprised of the LAI board, the Lighthouse Academies of Indianapolis board and the Lighthouse of Northwest Indiana Academies. Board meetings tended to focus heavily on the Northwest Indiana Academies and not as much on the Indianapolis schools. The use of conferencing technology made it difficult for board members to fully engage in thoughtful discussion and hindered the Indianapolis board members from engaging those who were reporting on services provided to the school via the CMO since they were based in Northwest Indiana.

Though board minutes, which were prepared by LAI, reflected thorough discussion of critical topics, the input from school leadership was minimal which further hindered the local board's ability to effectively govern. Board members lacked an understanding of Indiana Open Door Law, but were working to gain clarity by engaging in board training. In addition, the board was continuing to engage in discussions that would allow the Lighthouse Academies of Indianapolis board to hold the charter for the two Indianapolis schools and serve as the sole governing body, but the split had yet to come to fruition. Therefore, for the 2012-13 school year, the board **did not meet standard** because of deficiencies in a variety of areas.

2.4. Is there a high level of parent satisfaction with the school?	
STANDARD	More than 80% but less than 90% of parents surveyed indicate that they are satisfied overall with the school.

2012-2013 Performance: Not Evaluated

In the spring of each year, researchers administer anonymous surveys to parents of students enrolled at Mayor-sponsored charter schools. In 2012-13, MLCS received only 52 responses. Given that the school had a student population of 607, this sample size represents less than 10% of the school's population. Therefore the sample size is not statistically significant. As a result, MLCS will not be evaluated on this indicator for the 2012-13 academic year.

2.5. Is the school administration strong in its academic and organizational leadership?	
STANDARD	The school's administration a) has sufficient academic and organizational expertise; b) has been sufficiently stable over time; c) has clearly defined roles and responsibilities among administrators; d) actively engages in a process of continuous improvement and mid-course corrections; e) has established high expectations for all stakeholders – staff, students, and parents; f) has organized operations and secured necessary resources to effectively implement the mission of the school; g) ensures the school achieves strong academic and operational performance; and h) has developed a plan for succession for administrators and staff.

2012-2013 Performance: Does Not Meet Standard

The administration team included an elementary/middle school principal, high school principal, Regional Director (RD), and Business Manager. Monument Lighthouse Charter School lacked stability because of turnover. The RD was an experienced educator who was previously employed at the Indiana Department of Education and was in her first year in that role at the school. It should also be noted that she resigned shortly after the end of the 2012-13 school year. The elementary/middle principal left mid-year, and the school had three business managers by the end of the year. This was due in part to the termination of a Business Manager due to the embezzlement of funds.

The RD was charged with providing oversight, training, and supports for the school's administration. The RD was also responsible for monitoring continuous improvement, appropriate implementation of the Lighthouse Academies curriculum, implementing a culture of high expectations, achievement of strong academic and operational performance, as well as overseeing how well school leaders organize operations and resources to implement the school's arts-infused, college preparatory mission.

Roles and responsibilities between the RD, who was an employee of the CMO, and the school principals and instructional leader, appeared to be clearly defined and understood by all stakeholders. With a new RD and turnover of the elementary principal, who both play a significant role in the school's academic and operational growth, the school's Board was challenged with staffing key positions within MLCS's administrative structure. Accordingly, the school **did not meet** standard for this indicator.

2.6. Is the school meeting its school-specific organizational and management performance goals?	
Meets standard	School has clearly met its school-specific organizational goal.

Not Evaluated. Monument Lighthouse Charter School did not have school-specific organizational and management performance goals to be evaluated for 2012-13.